

# Social Questions Bulletin

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*The Methodist Federation for Social Action, an unofficial membership organization, seeks to deepen within the Church, the sense of social obligation and opportunity to study, from the Christian point of view, social problems and their solutions and to promote social action in the spirit of Jesus. The Federation stands for the complete abolition of war. The Federation rejects the method of the struggle for profit as the economic base for society and seeks to replace it with social-economic planning to develop a society without class or group discriminations and privileges. In seeking these objectives the Federation does not commit its members to any specific program, but remains an inspirational and educational agency, proposing social changes by democratic decision, not by violence.*

## HAS ECONOMIC DOWNTURN BEGUN?

A year ago (Nov. 18, 1952), Elliott V. Bell, Editor and Publisher of *Business Week*, addressed the Economic Club of New York and said, "Most business men think a recession is due in 1953 or 1954." Though denying this would be disastrous, Mr. Bell predicted "a major business setback" during the life of "the new Republican administration," and listed as signs of the ending of "the biggest boom in history" the following: "tightening money rates, narrowing profit margins, an imminent oversupply of new homes, the approaching peak of armament spending, world-wide weakness in commodity prices and increasing difficulties in foreign trade."

### PRODUCTION TOTAL DECLINES

One sign that the widely expected economic decline may have now begun, is found in the latest report of the President's Council of Economic Advisers. This points to the first actual quarterly drop in four years in gross national product or total production of goods and services. Though small (\$1.4 billion on a yearly basis), this production drop is yet significant if it begins a new trend. The drop was explained by a decline in government war spending and in business spending for inventory accumulation.

### END OF EMPLOYMENT RISE

In its "New England Letter" of Sept. 30, the First National Bank of Boston said: "Following a long rise, total non-agricultural employment has leveled off since the first of the year." Government figures show a 60,000 drop in manufacturing workers between mid-August and mid-September, and about the same drop in job-holders between September and October. Though the government figures indicate employment remains high and unemployment low, the Wall Street Journal of October 12 reported its own nationwide labor survey showing the "situation may be turning" and "increasing evidence of scattered layoffs." The Journal reported such layoffs in Detroit, Dallas, St. Louis, New Jersey, New York state, Washington state, Pennsylvania, Ohio and Wisconsin, in G. E. plants and in the auto, steel, rubber, locomotive and aircraft industries in the localities affected.

The U. S. Bureau of Labor Statistics pointed to the "more than seasonable curtailment of output" to explain the greater drop in factory hiring this summer than in any summer since the war.

### WORK WEEK AND OVERTIME DOWN

The Commerce Department reported that for the first time overtime work this October was less than a year ago. In its September 30 Newsletter, the First National Bank of Boston had stressed the importance of this factor: "More significant is the gradual decline in man hours worked. Any slackening in business will cut down on work schedules, and the work load will be spread to reduce unemployment. It is reported that most overtime pay is being used to buy durable goods on the installment basis. In consequence, when this extra compensation is not forthcoming, consumers will be forced to lower their living standards, and this will mean a decreased demand for goods all along the line."

At the end of October, the Bureau of Labor Statistics reported that the average weekly wage of factory workers had fallen by \$1.20 between mid-August and mid-September.

### DROP IN BUSINESS SPENDING EXPECTED

One sign of decline is the expectation of a drop in business spending for new plant and equipment. The Commerce Department in its Survey of Current Business of September, reported:

Between the third and fourth quarter (this year), the major industry groups are anticipating either a leveling off or a decline in their rates of capital spending. After allowance is made for seasonal factors, a 5 per cent decrease is indicated in manufacturing, primarily in the durable goods sector. Somewhat larger relative declines are expected by the public utilities and railroads. Other transportation, mining and commercial companies expect little change in fixed investment rate in the final quarter.

The National Industrial Conference Board, an employer agency, surveyed 159 manufacturing companies and reported on September 22 that over three times as many companies "plan to reduce their 1954 capital expenditures below the 1953 rates as expected to increase them."

### DECLINE IN MANUFACTURERS' NEW ORDERS

In its Survey of Current Business for October, the Department of Commerce reported such orders declined "substantially" in July and August from the high second quarter level, mostly in the durable goods industries and largely due to cancellation of orders for military hard goods.

The same Survey for September showed the situation to be especially bad in some industries, such as the railroad equipment industry. There 6,900 new freight cars are being delivered a month, 8 per cent less than in the first quarter, but still over four times more than new orders which "in the past three months have averaged less than 1,600 units per month."

### DECLINE IN STEEL INDUSTRY INDICATED

The Boston First National Bank's "New England Letter" of September 30 reported:

Steel mills have been operating below capacity since June. Demand is spottier and shortages are fading. Cancellations of orders, although of small volume, are increasing. In consequence of easing demand, scrap prices have weakened. Competition is keen. Price cuts have been made . . . a buyers' market is well under way in the steel industry.

The same bank letter had reported on August 31: "The peak in demand for steel products has apparently passed. Sales of conversion steel products have dropped sharply. Supply is rapidly catching up with demand. The trade expects a slackening in mill operations in the fourth quarter."

As for the decline in price of scrap steel, this is as much as 24 per cent in the Chicago market since early August, and a Chicago broker told the Wall Street Journal (Sept. 21): "If scrap is a barometer of future trends of steel production, it is telling us that a storm of some proportions is in the offing."

### DROP IN NEW HOUSING

There has been a steady drop in private "housing starts" since last February to the lowest point in nearly two years. Public housing has also declined, and sharply, from 47,300 in 1952 to 29,700 this year. Congress did not help when it slashed the public low-rent housing program, despite campaign promises, reducing to 20,000 the units for this year, after over 55,000 had



already been contracted for. At the same time, Congress wrote off 125,000 more units, for which there were preliminary loan contracts.

The New York Herald Tribune of September 18 shows the importance of all this for our economy by pointing out that new housing is "considered an important economic indicator not only because housing forms an important segment of the construction part of the economy, but because new housing forms such an important market for the home furnishings and appliance industries."

As for construction in general, the Bank "New England Letter" of September 30 already quoted, stated: "A decline of construction expenditures for the fourth quarter is expected."

### **AUTO INDUSTRY SLOWS DOWN**

On autos, the same bank letter reported, "Indications are that output will level off . . . large stocks and sluggish sales of used cars have had a dampening influence on the disposal of new cars in retail channels. Competition in the trade is intensely keen, with dealers' profit margins narrowing."

### **RETAIL TRADE OFF**

The Commerce Department reports retail sales were down at the end of this summer compared to a year ago, and there has been a continued drop for the past three months, amounting to 3 per cent in department store sales for the four-week period to October 17.

### **THE SHAKY STOCK MARKET**

Since last January, stock prices have fallen over 10 per cent as a whole. Explained *Business Week* on September 12, many who play the market, "think our present prosperity may be ephemeral. They have been scrambling to as safe a spot as possible before and if the blowoff comes." And U. S. News and World Report stated on September 18: "Looking ahead to 1954, many investors find cause for concern . . . Some decline in demand and production is indicated . . . The jolt may be painful for a good many people and businesses."

### **THE FARMER'S DEEPENING PLIGHT**

The economic position of the farmer has steadily declined since 1946, and the Associated Press reported on October 30: "The price of farm products have been on the downgrade for more than two years." That day the Agriculture Department reported farm prices had continued their long decline between mid-September and mid-October, by 2.34 per cent. Thus farm prices had declined to a level "11.5 per cent below a year ago and 20 per cent under the record high." But prices paid by farmers had dropped only "one-third of one per cent from a month ago, 3 per cent below a year ago, and about 4.8 per cent below the record high."

In consequence, the farmer's parity level was at the lowest level in over 12 years. In mid-October farm prices were down to 91 per cent of parity, compared to 92 per cent a month earlier, 100 per cent a year earlier, and 122 per cent in October, 1946. Thus, the parity level of farm prices has dropped by one-third from the 1946 high!

Despite increased production, net income for the farmer has gone down. Thus, in 1952, crop production was up 3.5 per cent, but prices paid farmers went down by 11 per cent; so they suffered a net income drop of 3 per cent or \$500 million. And the drop in farmer net income in 1953 has been much greater. Figures in the Federal Reserve Bulletin for September show farm net income in the second quarter of this year to have dropped 17 per cent below that of 1952 on an annual basis, and about 20 per cent below that of the same quarter in 1952.

### **BUT LIVING COSTS REACH ALL-TIME HIGH**

Low prices to farmers did not mean low prices for consumers. The Bureau of Labor Statistics reported October 28 that, "The average American paid more for his basic living needs last month than ever before in history," the fourth consecutive month in which a new record high in living costs had been reached, and the seventh consecutive month in which living costs had risen, reaching a level 13.2 per cent above that of June, 1950, prior to the Korean war.

### **THE PROFITS ARE HIGH**

Despite the slash in prices paid farmers, food prices also have remained high for the consumer. As put by the U. S. News

and World Report, August 21:

As the years have passed, the housewife has paid more and more for the same amount of groceries, yet the farmer's share has become smaller. Today the housewife pays \$1,017 for the food that cost \$767 in 1946. That's an increase of \$250 in her grocery bill. The farmer, however, gets only \$49 of that increase. His share of the food dollar has gone from 52c to 44c.

To show how low farm prices don't guarantee low consumer prices, consider that orange prices paid the farmer went down by 40 per cent between August, 1952, (\$1.06 a box) and August, 1953, (66c a box); while for the consumer in that year canned orange juice prices rose 33 per cent and frozen orange juice by 20 per cent!

With low prices to farmers and high prices from consumers profits of the big food corporations in between have been tremendous. The National City Bank in New York reported in its Monthly Letter in August that 28 leading food processing corporations in the first half of 1953 had increased their net profits after taxes by 21 per cent over the same profitable period in 1952. As for other large processors of farm products, 11 tobacco companies had raised their profits by 21 per cent and 24 textile and apparel companies by 34 per cent. Profit figures were high this year for the big grocery chains, the big meat packers, the big food packaging corporations, the big dairy giants (Borden net profits after taxes for the first half of 1953 were 20 per cent higher than in the same period of 1952), and the big bakers. For example, Ward Baking Co. showed 21 per cent higher net profits after taxes in the 27-week period up to last July 4 over the corresponding profitable period of 1952. Yet with its profits high and with wheat prices to the farmer low, the same baking company raised its bread prices by one cent a loaf in the New York area in September!

These high profits to big corporations processing and distributing farm products, help explain (as put in C.I.O. Leaflet No. 227) why the farmer in 1952 got only 13.5c for a 23c quart of milk, 31c for the cotton in a \$3.50 shirt, 3.6c from a 23c can of corn, 3.3c for tobacco in a cigarette package, and 3.2c for wheat in a 16-17c loaf of bread.

And corporation profits in general have been high this year. The Security and Exchange Commission reported on October 25 that such profits were in the second quarter of this year the "best since 1951, both before and after taxes." And in 1951, corporation profits before taxes were the highest in U. S. history.

When Mr. Charles Wilson left chairmanship of the General Motors Corporation to accept appointment as secretary of defense, he told a congressional committee that he had always considered that what was good for General Motors was good for the country as a whole. If so, the country is in good shape; for General Motors reported on October 28 that it had sold more in the preceding nine months "than the corporation (the world's largest) ever sold before in any full calendar year. Both sales and earnings for the nine months were the highest reported thus far by any U. S. corporation." The corporation revealed that in that period it had made profits after taxes of \$453 million!

Farmers and housewives might not agree that conditions for the U. S. as a whole were as rosy as those corporation profit figures suggest!

### **A PROBLEM AND CHALLENGE**

High prices and profits on one hand combined with low income for farmers and other disadvantaged groups on the other to accentuate an old problem in our economy which might contribute towards recession: the failure of mass purchasing power or consuming capacity to keep up with productive capacity. In one industry after another, there is now emerging the old problem of "excess capacity."

War was Hitler's "answer" to the overproduction (or underconsumption) in his economy, with the resulting unemployment and economic collapse. But his "answer" proved to be disaster. War and war preparation have helped obscure the problem in our economy since the Great Depression. But the problem remains and is coming to light again.

What will churchmen say and do in these crucial months to see that our answer is more rational, more humane, more democratic, more Christian—that it is an answer which puts people above both mammon and mars?



# Churchmen Speak Out For Freedom

Highly significant statements have come in recent weeks from official Protestant sources, bearing creatively and pointedly on current attacks on democratic liberties and religious freedom at the hands of congressional committees and others.

We print below excerpts from recent statements from the General Council of the Presbyterian Church in the U. S. A. and from the House of Bishops of the Protestant Episcopal Church.

## THE PRESBYTERIANS SPEAK

... The citizens of this country and those in particular who are Protestant Christians, have reason to take a grave view of the situation which is being created by the almost exclusive concentration of American minds upon the problem of the threat of communism.

Under the plea that the structure of American society is in imminent peril of being shattered by a satanic conspiracy, dangerous developments are taking place today in our national life. Favored by an atmosphere of intense disquiet and suspicion, a subtle but potent assault upon basic human rights is now in progress. Some Congressional inquiries have revealed a distinct tendency to become inquisitions. These inquisitions, which find their historic pattern in medieval Spain and in the tribunals of modern totalitarian states, begin to constitute a threat to freedom of thought in this country.

Treason and dissent are being confused. The shrine of conscience and private judgment, which God alone has a right to enter, is being invaded. Un-American attitudes toward ideas and books are becoming current. Attacks are being made upon citizens of integrity and social passion which are utterly alien to our democratic tradition. They are particularly alien to the Protestant religious tradition which has been a main source of the freedoms which the people of the United States enjoy.

There is something still more serious. A great many people within and without our Government, approach the problem of communism in a purely negative way. Communism, which is at bottom a secular religious faith of great vitality, is thus being dealt with as an exclusively police problem.

As a result of this there is growing up over against communism a fanatical negativism. Totally devoid of a constructive program of action, this negativism is in danger of leading the American mind into a spiritual vacuum. Our national house, cleansed of one demon, would invite by its very emptiness, the entrance of seven others. In the case of a national crisis this emptiness could, in the high-sounding name of security, be occupied with ease by a fascist tyranny.

Whatever concerns man and his welfare is a concern of the church and its ministers. Religion has to do with life in its wholeness. While being patriotically loyal to the country within whose bounds it lives and works, the church does not derive its authority from the nation but from Jesus Christ. Its supreme and ultimate allegiance is to Christ, its sole Head, and to His Kingdom, and not to any nation or race, to any class or culture. It is, therefore, under obligation to consider the life of man in the light of God's purpose in Christ for the world.

While it is not the role of the Christian church to present blueprints for the organization of society and the conduct of Government, the church owes it to its own members and to men in general, to draw attention to violations of those spiritual bases of human relationship which have been established by God. It has the obligation also to proclaim those principles, and to instill that spirit, which are essential for social health, or sound and stable policies in the affairs of state.

Loyalty to truth is the common basis of true religion and true culture. Despite the lofty idealism of many of our national leaders, truth is being subtly and silently dethroned by prominent public figures from the position it has occupied hitherto in our American tradition. The state of strife known as "cold war," in which our own and other nations, as well as groups within nations, are now engaged, is producing startling phenomena and sinister personalities.

In this form of warfare falsehood is frequently preferred to fact if it can be shown to have greater propaganda value. In the interests of propaganda, truth is deliberately distorted or remains

unspoken. The demagogue, who lives by propaganda, is coming into his own on a national scale. According to the new philosophy, if what it true "gives aid and comfort" to our enemies, it must be suppressed. Truth is thus a captive in the land of the free. At the same time, and for the same reason, great words like "love," "peace," "justice," and "mercy," and the ideas which underlie them, are becoming suspect. People will become accustomed to going through life with no regard for rules or sanctities.

A painful illustration of this development is that men and women should be publicly condemned upon the uncorroborated word of former communists. Many of these witnesses have done no more, as we know, than transfer their allegiance from one authoritarian system to another. Nothing is easier for people, as contemporary history has shown, than to make the transition from one totalitarianism to another, carrying their basic attitudes along with them.

As a matter of fact, the lands that have suffered most from communism, or that are most menaced by it today, Russia and Italy, for example, are lands which have been traditionally authoritarian in their political or their religious life. And yet the ex-Communists to whose word Congressional committees apparently give unqualified credence are in very many instances people whose basic philosophy authorizes them now, as in the past, to believe that a lie in a good cause is thoroughly justified.

Let us frankly recognize that many of the revolutionary forces of our time are in great part the judgment of God upon human selfishness and complacency, and upon man's forgetfulness of man. That does not make these forces right; it does, however, compel us to consider how their driving power can be channeled into forms of creative thought and work. History, moreover, makes it abundantly clear that wherever a religion, a political system or a social order, does not interest itself in the common people, violent revolt eventually takes place.

In human conflicts there can be no substitute for negotiation. Direct personal conference has been God's way with man from the beginning. "Come, now, and let us reason together," was the word of God to Israel through the prophet Isaiah. We must take the risk, and even the initiative, of seeking face-to-face encounter with our enemies. We should meet them officially, whatever their ignominious record, and regardless of the suffering they may have caused us. We, too, have reasons for penitence and stand in need of forgiveness.

In any case, talk, unhurried talk, talk which does not rule out in advance the possibility of success, talk which takes place in private, and not before reporters or microphones or television, is the only kind of approach which can lead to sanity and fruitful understanding. Let the process of conference be private, but let its conclusions, its complete conclusions, be made public.

## AND THE EPISCOPAL BISHOPS SAY

The church is equally opposed to what may be described as creeping fascism. We know from our brethren of the churches abroad that often fascism has come upon them unawares.

We are against trial by uninformed public opinion, against accusations by hearsay.

We are for fairness, and justice, as a part both of Christianity and of our democratic way of life.—Nov. 13, 1953.

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# Truman Defends Religious Freedom

(In his recent City College address, former President Truman strongly defended religious freedom.)

This wave of hysteria over communism has now reached the point where several legislators are undertaking to investigate the beliefs and opinions of clergymen. This is even more dangerous than the attack on education.

I notice that these attacks have been leveled at some of the leaders of our great Protestant denominations and some of the leaders of our great Jewish congregations—even against those who are dead and unable to defend or explain their actions.

Now, we surely all know that our Protestant churches and our Jewish synagogues are among the strongest supporters of American principles and ideals. I do not believe there is any distinction between any of our great religious groups in this country with respect to their adherence to the principles of our form of government. I think it will be a sad day for religious tolerance in this country when anyone starts to draw lines between our great churches in this matter.

We have a very great principle in this country and it is written into the Constitution that the Congress shall make no law respecting an establishment of religion, or prohibiting the free exercise thereof.

If Congress can make no laws prohibiting freedom of worship, it is certainly not entitled to investigate the beliefs of church groups or their leaders.

Of course, if a clergyman is engaged in espionage or has violated the law in any way, he is subject to the law like any other citizen. But matters of belief and opinion present a very different question.

If a clergyman is an atheist, he is at odds with the vows he has taken, with the body of believers whom he serves and with the God he professes. If such clergymen exist, their betrayal of religion is a matter for churches to handle. Only the churches can decide whether a clergyman has been faithful to his vows of ordination or not.

This is certainly not something for the secular power, the power of the state, to decide. These are matters of conscience, and the Congress of the United States and its committees are not competent to judge them.

The leaders of our churches from time to time throughout our history have taken stands on social issues. They have done this in response to the dictates of conscience, wherever the moral law has appeared to them to be involved. Many of them condemned slavery when it existed in this country. Many have condemned sweat shops, child labor and the forcible denial of collective bargaining. We have lived to see these condemnations become the law of the land. We have moved forward along the road of moral progress under the spur of our great moral leaders in the churches.

Of course, there are always differences of opinion in the churches themselves about how far church leaders should go in matters of this kind. Our churches have conservative wings and liberal wings. Some clergymen have been blind to social evils and others have been misled or deceived as a result of their zeal for social justice.

The Government and all its branches should stay out of church affairs.

Neither Congress nor the executive branch nor the courts should take it upon themselves to decide who should preach what in the pulpits. The churches and synagogues will take care of these matters themselves. I think they will come out with better answers than most of our human institutions.

But if our central government does not distinguish between the real dangers of communism and the hysterical fear of it, if our national leaders do not stand firm against panics, and against the invasion of individual freedoms, then we are in for some bad times.

## SEN. DOUGLAS ASKS NEW RULES FOR CONGRESSIONAL PROBES

(From a recent speech on the Senate floor.)

"For these committees are in fact fast becoming legislative courts. At present the committees are in effect given a wide hunting license and allowed to cruise at large without any restraint as to rules of evidence, procedures, questioning, or the making of public statements. The degree of fairness or lack of fairness which is followed therefore largely depends upon the members of the committees themselves and more particularly upon their chairmen. All too often, they in effect make their own rules and do anything that they wish . . .

"But justice is meant for all, for conservatives and liberals, reactionaries and radicals alike. It should not be confined to any one class or to members of any one party. It should apply to everyone. This is necessary for practical as well as ideal reasons. For if the group in power at one time is unfair to its opponents, it cannot properly ask for or expect better treatment when it is out of power and its political antagonists are in control. There is, therefore, great practical sense as well as high idealism in the Golden Rule that we 'should do unto others, as we would have them do unto us'.

"If those in power today do not observe the rules of fair play, they may suffer in the future from the same abuses.

"It is important, therefore, that we should take steps to improve and unify the procedures followed by these congressional committees.

"1.—Witnesses reflecting adversely upon other persons should only be called to testify at a public hearing after they have been examined in executive session and their relative credibility established. In other words, unreliable witnesses should not be allowed to wreck reputations.

"2.—Testimony adversely affecting any persons should not be received in a public hearing unless it has first been heard in private and corroborated by other witnesses or by printed material.

"3.—Derogatory material not developed in public hearings, rumors, and other unsubstantiated reports or confidential data should not be issued to other private citizens or 'leaked' to the press by the members or staff of a committee. Star chamber proceedings are as bad in connection with a man's reputation as with his life.

"4.—If it seems probable that a person is likely to be adversely reflected upon in public testimony, he should be notified in advance of the probable nature of the charges, invited to be present at the hearing and permitted to make a brief but adequate statement at the conclusion of the adverse testimony.

"Alternatively he should be permitted to submit a written statement to be included in the record of the hearings. Time is of the essence in these matters, and a man is seriously damaged if the charge is published on page one on a given day but the denial or reply only comes days later and is then published on page 22. Mark Twain once remarked that 'a lie can go around the world before truth has time to put on its boots.' We should strive to let the reply as nearly as possible be simultaneous with the charge. Otherwise, we do the party adversely concerned a distinct injustice, and are guilty of letting the lie have time on its own wings to fly.

"5.—Persons charged with offenses or otherwise subjected to derogatory comment should have a limited right to cross-examine adverse witnesses and to produce witnesses on their behalf on the points under question.

"6.—Witnesses before the committee should have the right to be represented by counsel and if not in contempt of the committee, to make brief statements in their behalf and defense.

"7.—The general purpose of the hearing should be stated in advance and authorized by a majority of the committee so that the relative relevancy of the questions asked may be judged in this context. In other words, vague and unauthorized 'fishing parties' should not be indulged in.

"8.—No report should be filed or published which has not been submitted to the members of the committee and approved by a majority. The minority will of course retain its right to file a dissent."